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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/933,262	08/20/2001	Daniel J. Eckert	1713-0012	5260

7590 07/14/2005

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EXAMINER

KYLE, CHARLES R

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 07/14/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/933,262

Applicant(s)

ECKERT ET AL.

Examiner

Charles Kyle

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 February 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-6 and 8-23 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-6 and 8-23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-7 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Claims recite the phrase “ an input configured to receive information....”. For purposes of examination, it is assumed that the phrasing is intended to be “ an input *device* configured to receive information....”.

Regarding claim 14, the word "substantially" renders the claim(s) indefinite because one of ordinary skill in financial arts would not know how to determine what types of service are substantially similar, thereby rendering the scope of the claim(s) unascertainable. See MPEP § 2173.05(d).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1, 2, 3, 6, 8-12, 15-19 and 22-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2005/0080705 *Chaganti*.

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With respect to Claim 1, *Chaganti* discloses the invention substantially as claimed including in an apparatus, elements of:

a processing circuit (para. 33);

a memory (para. 32) storing program instructions operable to cause the processing circuit (paras. 35-36) to determine an initial value of a security instrument having a value based on the prospective income of a performer (para 8.), the value based at least in part on a contingent portion of the prospective income (paras. 22, 25), the prospective income being service based (Summary of the Invention), the initial value based on a value of predetermined performance incentives available to the performer and which define the contingent portion of the prospective income (paras. 8, 25); and

an input [device] configured to receive information representative of the value of performance incentives available to the performer (Fig. 1, eles. 104, 108; paras. 32-34).

In the citation of *Chaganti* passages, the meaning of contingent is understood to be possible, and prospective is understood to be future. These are commonly understood definitions obtained from *Roget's International Thesaurus, Fifth Edition*, 1992. The import of this is that a broad reasonable interpretation of the phrasing is that value is based at least in part on a possible portion of future income. Further, performance incentives defining a possible portion of future income is read as the future income itself. The claim language requires no more. The Examiner observes that Applicants' Specification details particular performance incentives at page 18, at least. These incentives are not claimed; performance incentive is read as base income.

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Chaganti does not specifically disclose that the initial value is based on a likelihood of the performer attaining the performance incentives (earning the base income). Official notice is taken that such considerations of likelihood are old and well known. For example, Applicants' phrasing encompasses the binary possibilities that the performer will earn either zero or some income. It is implicit that a zero probability of earning would result in a zero value for the security; a positive probability would result in a non-zero valuation. While this appears to be a trivial case, the Claim language requires no more. The Examiner notes that Applicants provide more detail in the utilization of probabilities at page 18 of the Specification, but again, these are absent from the Claims. It would have been obvious to one of ordinary skill in the art at the time of the invention to utilize the simple likelihoods of earned income described above to develop a logical valuation of the security.

With respect to Claim 2, *Chaganti* discloses income derived from participation in professional sports at para. 22.

With respect to Claim 3, see the discussions of Claims 1 and 2, particularly the discussion of contingent portions of prospective income.

Regarding Claim 6, prospective and base income are read as the same.

As to Claim 8, see the discussion of Claim 1. *Chaganti* further discloses a processing circuit (microprocessor) at para. 32, and athlete, musician and author at para. 8.

With respect to Claims 9 and 10, *Chaganti* discloses a first computer receiving bids for securities from remote computers over the Internet at paras. 6, 14, 27 and 46.

Regarding Claims 11 and 12, see the discussion of Claims 8, 2 and 3.

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With respect to Claim 15, see the discussion of Claims 8 and 6.

With respect to Claim 16, see the discussion of Claim 8 and 1.

With respect to Claim 17, see the discussion of Claims 1 and 9.

With respect to Claim 18, see the discussion of Claims 17 and 2.

With respect to Claim 19, see the discussion of Claim 17; specified incentives are broadly read to be the incentive of base earnings.

With respect to Claim 22, *Chaganti* does not specifically disclose that contingent and base incomes differ. Official Notice is taken that an earner's income is frequently composed of base and other contingent portions. For example, earnings often comprise base salary and a performance bonus. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Chaganti* to use such composite earnings to value security instruments because this would more accurately reflect the earner's economic strengths in security value.

With respect to Claim 23, see the discussion of Claim 17 and 1.

Claims 4, 13 and 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2005/0080705 *Chaganti* in view of June 7, 1999 *Pullmanco Ticket Deal for Soccer Club*.

With respect to Claim 4, *Chaganti* discloses the invention substantially as claimed. See the discussion of Claim 1. *Chaganti* does not specifically disclose that at least a portion of prospective income is team based. *Pullmanco* discloses this limitation at whole article, using the same instrument as *Chaganti*, a securitized instrument. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Chaganti* to function using team

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based prospective income because this would allow investors to invest in home teams, thus providing more interest to investors and increasing revenues.

With respect to Claim 13, see the discussion of Claims 12 and 4.

With respect to Claim 20, see the discussion of Claims 17 and 4.

Claims 5, 14 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2005/0080705 *Chaganti* in view of February 3, 1997 *Briefcase* article.

With respect to Claim 5, *Chaganti* discloses the invention substantially as claimed. See the discussion of Claim 1. *Chaganti* does not specifically disclose that initial valuation is based on past performance. *Briefcase* discloses that David Bowie based the \$55 million Bowie Bond issue on master recordings. These were literally past performances. It would have been obvious to one of ordinary skill in the art at the time of the invention to base initial value on past performance because this would provide a logical basis for the future valuation or revenues to the performer and would imply value for the security instrument.

With respect to Claim 14, *Briefcase* discloses that the bonds are backed by future royalties on past performances (recordings).

Regarding Claim 21, see the discussion of Claims 17 and 5.

Response to Arguments

Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
July 11, 2005

Examiner Charles Kyle

A handwritten signature in cursive script, appearing to read "Charles Kyle", with a stylized flourish at the end.